

Exhibit 7



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12/31/2008 00:00:00 [BN] Bloomberg News

The Madoff Case Could Reel in Former Investors

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By Matthew Goldstein

(Bloomberg Businessweek) -- The managers of the Fort Worth Employees' Retirement Fund thought they had dodged a bullet when Bernard L. Madoff was arrested on Dec. 11 for alleged fraud. Just a few months earlier the \$1.7 billion public pension plan had pulled \$10 million out of a hedge fund that invested exclusively with Madoff. But now the managers face the possibility of having to give back the money—a sum that includes all of the pension's purported gains over the years plus its initial investment.

The Fort Worth plan and other Madoff investors who got out before the operation imploded may yet be snared by the bankruptcy proceedings. Under federal law, the trustee in the case can sue former investors to force them to return their profits and principal, a process known as a clawback. The legal theory is that investors who stick around to the bitter end shouldn't bear all the pain. With the multibillion-dollar tally of losses rising daily, the Madoff case could take years to unravel in court, leaving hundreds of pensions, endowments, and other former investors in the lurch as they await a ruling on their financial liability. "It depends on what the trustee wants to do," says Michael Missal, a lawyer at K&L Gates. Irving Picard, the trustee named on Dec. 15 to oversee the liquidation of Madoff's business, declined to comment.

Picard may take his cues from the recent bankruptcy case of Bayou Group, the \$450 million hedge fund whose managers were convicted of conspiracy and fraud in 2005. The trustee in those proceedings, Jeff Marwil, filed more than 130 suits against investors who had pulled money from the fund within the prior six years. Marwil argued that former clients, even those who barely knew Bayou manager Samuel Israel, should have to take a hit as well, since Bayou was nothing more than a Ponzi scheme. The judge ruled in his favor.

The clawbacks in the Madoff case could prove more controversial. In most hedge fund scandals, including Bayou, the majority of clients invested directly with the dubious money management firm. But most of Madoff's customers came through a half-dozen or so "feeder" funds. Those affiliated vehicles operated under their own brand name but handed much of the money over to Madoff.

"financial death sentence"

Some investors may not have known what they were buying. The Fort Worth pension fund, for example, owned the Rye Select Broad Market, a hedge fund managed by the Tremont Group. The Rye marketing literature rarely, if ever, mentioned Madoff by name, even though his fund was the only investment. Says Steven Caruso, a lawyer for a number of Tremont investors: "Some investors may be facing the prospect of a financial death sentence if they're forced to return funds." In a letter to investors, Tremont's managers say they "exercised appropriate due diligence."

Managers of the Fort Worth pension fund, who first invested with Rye five years ago, started to rethink their investment in early 2008 after hiring Albourne Partners, a London due diligence firm, to assess their hedge fund portfolio. The Rye fund raised red flags almost immediately. Albourne's managing director, Simon Ruddick, says the firm, which had long-standing concerns about Madoff's trading strategy and consistent returns, had urged clients

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for nearly a decade to avoid affiliated funds such as Rye. In July the pension's board voted unanimously to dump its Rye stake. "If you are person who has nothing left, naturally you want everyone to share in the pain," says Robert Klausner, a lawyer for the Fort Worth pension. "But if you are someone with no inside knowledge of fraud who redeems an investment in the ordinary course of business, you shouldn't be punished."

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